



Department of Justice

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OPERATION TRUTH OR CONSEQUENCES

TARGETS BANKRUPTCY FRAUD ACROSS THE COUNTRY;

U.S. TRUSTEES ANNOUNCE BANKRUPTCY FRAUD HOTLINE

WASHINGTON – United States Attorneys have filed criminal charges against 78 individuals in 69 separate prosecutions in 36 judicial districts on a variety of federal bankruptcy fraud and related counts, including 18 cases charged Tuesday, Deputy Attorney General Paul J. McNulty, announced today. The announcement is the culmination of “Operation Truth or Consequences,” a nationwide sweep that demonstrates the breadth of enforcement actions taken by the Department of Justice to combat bankruptcy fraud and protect the integrity of the bankruptcy system.

Also announced was the creation of a new Internet hotline for reporting suspected bankruptcy fraud to the U.S. Trustee Program, the Department of Justice component that promotes and protects the integrity of the bankruptcy system. Members of the public can now report suspected bankruptcy fraud via email to USTP.Bankruptcy.Fraud@usdoj.gov.

“Today we send a clear message to those who abuse, for their own criminal financial gain, the bankruptcy system’s promise of a fresh start to honest Americans,” said Deputy Attorney General McNulty. “A bankruptcy filing is often the last step of a series of criminal acts, including mortgage fraud, bank fraud, mail fraud, money laundering, and government program fraud. Bankruptcy fraud is often the tip of the criminal iceberg, and that makes these prosecutions so important.”

Collectively, the Operation Truth or Consequences bankruptcy fraud sweep includes charges filed against nine attorneys, two bankruptcy petition preparers, and one former law enforcement officer; alleged concealment of more than \$3 million in assets; use of false Social Security numbers and false identities; submission of forged documents and use of false statements; defrauding of individuals whose homes were in foreclosure; fraudulent receipt of government loans and benefits; and various other unlawful acts.

“Bankruptcy fraud must not be tolerated, if our bankruptcy system is to serve its purpose of helping the honest debtor in need of financial relief,” said Clifford White, Acting Director of the Executive Office of U.S. Trustees. “Operation Truth or Consequences highlights the commitment of the Department of Justice and our law enforcement partners to vigorously investigate and prosecute bankruptcy fraud wherever it occurs.”

"Today's operation is a comprehensive, nationwide sweep that highlights the scope of bankruptcy fraud and the negative impact on the economy," said Chip Burrus, FBI Assistant Director for the Criminal Investigative Division. "Through our collaborative efforts with law enforcement, the FBI remains dedicated to pursuing those individuals who attempt to use our Nation's bankruptcy system to further their criminal intents."

In the Northern District of Ohio, four individuals have been indicted in connection with Operation Truth or Consequences.

On September 26, 2006, Ahmad Elgergawi, age 42, of 13042 Rosewood Lane, Strongsville, Ohio, was charged with concealment of assets, false oaths in bankruptcy and participating in a scheme to defraud credit cards companies by filing bankruptcy. This case is being prosecuted by Assistant U.S. Attorney Christian H. Stickan and Special Assistant U.S. Attorney Dean P. Wyman.

Also on September 26, 2006, Anthony Rawls, age 42, of 4403 Clinton Avenue, Cleveland, Ohio, was indicted on charges that he lied about his income to receive benefits from the Department of Housing and Urban Development and lied in his bankruptcy case about Veterans Administration benefits. This case is being prosecuted by Assistant U.S. Attorney Justin J. Roberts and Special Assistant U.S. Attorney Dean P. Wyman.

Also on September 26, 2006, John M. Smalcer, Jr., age 35, of 13509 Eastwood, Garfield Heights, Ohio, was charged with engaging a scheme to defraud creditors by forging bankruptcy court orders and using the forged order to obtain credit. This case is being prosecuted by Assistant U.S. Attorney James C. Lynch and Special Assistant U.S. Attorney Dean P. Wyman.

On October 17, 2006, Monique Caldwell, age 35, of 17206 Endora Road, Cleveland, Ohio, was charged with bankruptcy fraud, bank fraud and mail fraud for allegedly obtaining mortgages in the name and Social Security Number of her daughter. Caldwell thereafter filed bankruptcy and failed to disclose in her bankruptcy petition the use of her daughter's name. This case is being prosecuted by Assistant U.S. Attorney Linda M. Betzer and Special Assistant U.S. Attorney Dean P. Wyman.

Operation Truth or Consequences is a joint criminal enforcement effort by the U.S. Attorneys' Offices, U.S. Trustee Program, FBI, Department of Housing and Urban Development Office of Inspector General, Social Security Administration Office of Inspector General, U.S. Postal Inspection Service, Internal Revenue Service Criminal Investigation, and U.S. Secret Service.

The charges contained in an indictment, information or criminal complaint are merely allegations, and the defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt.

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